

DOCKET FILE COPY ORIGINAL

Reply comments made by International Digital Communications Inc. (IDC) in the matter of
Benchmarks NPRM IB Docket No. 96-261.

RECEIVED

MAR 31 1997

Federal Communications Commission
Office of Secretary

As stated in our initial response to the FCC, IDC remains opposed to the attempt by the FCC to impose benchmarks for international settlement rates. Although we generally agree that reform of the current system is desirable, we feel that this effort must be carried out in the appropriate international forum with multilateral agreement.

Upon review of the materials submitted to the FCC in response to the NPRM, there are several common issues we would like to highlight by way of reply.

FCC Authority

The majority of respondents agree that the FCC does not have authority to impose benchmarks for accounting rates negotiated between the US and correspondent carriers. Inherent weaknesses of this long established principle should be addressed by a nonpartisan international organization such as the WTO or the ITU. The unilateral action proposed by the FCC is an abuse of the market position of the US telecommunications industry. Proposed reforms in the US will not affect the rates between other countries and will exacerbate the distortion of outpayments and accounting rates.

Subsidization

IDC is in agreement with many respondents in the position that the outpayments imbalance in the US market is the result of reverse charge services such as home country direct and callback, as well as hubbing and refile. These non-traditional services generate substantial revenue which clearly benefit the US businesses that are promoting them. For this reason, the "subsidization of foreign monopolies by US consumers" is offset by the revenue received, making the subsidization argument unsound. In addition to this, the savings from reduced accounting rates between the US and Japan, have not been transferred to US consumers as implied should happen in the NPRM, but in fact have gone directly to increase profits of US carriers.

Another comment with which we agree concerns the real subsidization of internet connectivity in the US by non-US carriers and PTT's. Because of the predominance of the US in the early development

of the internet, foreign carriers have been forced to pay the end to end cost of internet connections. IDC is in agreement with other carriers that this inequity should be included in any consideration of accounting rate reform.

In summary, IDC wishes to reconfirm our opposition to the FCC's NPRM. We are hopeful that the overwhelming negative response by the world's telecommunications companies and administrations will convince the FCC that this action is inadequate as a solution to accounting rate reform.

Respectfully submitted,

By: 

Hiroshi Shibata

Director - International Services

International Digital Communications Inc.

5-20-8, Asakusabashi, Taito-ku, Tokyo 111-61, Japan